APPENDIX I

Appendix I

CHANGE CONTROL ASSURANCE PLAN

VERIZON PENNSYLVANIA

JULY, 2001

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APPENDIX I-A – Change Control Measures

I. INTRODUCTION

To ensure that Verizon Pennsylvania ("Verizon PA"), will execute the Change Control process in an expeditious and non-discriminatory manner, Verizon PA will undertake the actions set forth in this Change Control Assurance Plan (the "CCAP") after entry into the long distance market pursuant to Section 271 of the Telecommunications Act of 1996. A total of $3.4 million in bill credits will be at risk if Verizon PA provides unsatisfactory service to CLECs for the four measures in this Plan.

II. THE CHANGE CONTROL MEASURES AND BILL CREDITS

The following measures are included in this Plan:

1. PO-4-01: % Change Management Notices Sent on Time;
2. PO-4-03: Change Management Notice Delay 8 plus Days;
3. PO-6-01: % Software Validation; and
4. PO-7-04: Delay Hours - Failed/Rejected Test Transactions - No Workaround.

Attached hereto as Appendix A is a chart that provides the standards that will be applied to each of the above measures and the total amount of bill credits associated with each standard. If a performance measure is missed according to its standards, bill credits will be paid to all CLECs purchasing Unbundled Network Elements ("UNEs") or resold services. CLECs will receive bill credits on a prorated basis of the total credit determined using Appendix A based on their lines in service. This Plan will use the same mechanisms set forth in the Performance Assurance Plan for determining "lines in service." (*See* PAP Section II (C)(2))

Under this Change Control Assurance Plan, Verizon PA will retain the right to withdraw any proposed software release prior to the item being put into final production. If Verizon PA exercises this right, it will not be deemed to have violated the requirements set forth in PO-4-01, PO-4-03, PO-6-01 or PO-7-04 and will not be subject to the payment of bill credits under those measures.

The initial amount of annual bill credits for all CLECs will be $1.36 million under this Plan. If, however, the bill credits due to the CLECs under this Plan exceed $1.36 million in any year,[1] an additional amount of $2.04 million will be at risk from the bill credit amounts allocated to the Mode of Entry Categories in the Performance Assurance Plan. Thus, a total of $3.4 million will be available for bill credits for the Change Control measures. Bill credit payments for Change Control measures will be given priority over bill credits for the MOE categories.

The Commission will have the authority to reallocate the monthly distribution of bill credits between and among any provisions of the PAP and the CCAP The Commission will give the Company 15 days notice prior to the beginning of the month in which the reallocation will occur. Any reallocation will be done pursuant to Commission order.

III. MONTHLY REPORTS

Each month Verizon PA will issue a report on its performance on the above measures to each CLEC providing service in Pennsylvania.[2] The reports will be CLEC specific and will indicate the scores on the measures, the aggregate amount of bill credits, if any, that Verizon PA must provide pursuant to the standards set forth in Appendix I-A, and the specific amount of bill credits that will appear on the individual CLEC's bill. All CLECs with multiple bill accounts must inform Verizon PA as to which of their accounts should receive any bill credits for the Change Control measures.

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[1] The "year" will be measured from the first day of Verizon PA's entry into the interLATA market.

[2] Verizon PA's performance on the other Change Control metrics will be reported in the monthly C2C reports.

IV. REVIEWS, UPDATES AND AUDITS

- Annual reviews and updates will occur under this Plan until the Commission determines otherwise. However, Verizon PA may at any time recommend to the Commission modifications, additions, or deletions to the measures in this Plan or the bill credit allocations. CLECs and any other interested parties will be given an opportunity to provide comments on any recommendations. In addition, the Commission will have the right from time to time, on 60-days notice to Verizon PA, to conduct an audit of data reported in the monthly reports.[3]

V. EXCEPTION PROCESS

Verizon PA will have the right to file a petition with the Commission seeking to have the standards contained in Appendix I-A waived or modified either for future or past periods. The Commission shall grant such a request if it determines that the application of one or more of the standards contained in Appendix I-A would not serve the public interest. The application of one or more parts of Appendix I-A would not serve the public interest if Verizon PA could not, through any reasonable efforts, prevent results that do not satisfy the standards. Verizon PA's petition must include all information that demonstrates how the measure was missed. It shall also include a recalculation of the measure with the challenged information excluded from the calculations. CLECs and other interested parties will be given an opportunity to respond to any Verizon PA petition for an Exception. In the event the Commission rules in Verizon PA's favor, Verizon PA will have the right to offset any paid bill credits against any future bill credits that may come due for either the Change Control measures or Performance Assurance Plan measures.

[3] Unlike the most of the measures in the PAP, the recording of data for each of the measures in this Plan will be done manually.

VI. TERM OF PLAN FOR THE CHANGE CONTROL PROCESS

The Change Control Assurance Plan will have the same term as the Performance Assurance Plan. It will remain in effect, as modified from time to time by the Commission, until the Commission rescinds the Performance Assurance Plan or develops a replacement mechanism.

Change Control Performance Assurance Plan Measures

PO-4-01	**% Change Management Notices Sent on Time**			
	Performance Range (Notification and Confirmation for Types 3, 4 and 5 only)	≥ 95%	90 to 94.9%	< 90%
	Performance Credit	$0	$156,000	$312,000
PO-4-03	**Change Management Notice Delay 8 plus Days** (Notification and Confirmation for Type 1, 2, 3, 4 and 5)			
	Performance Credit	$15,600 per day		
PO-6-01	**% Software Validation** (See Note 1)			
	Performance Range	≤ 5%	5.1 to 10%	> 10%
	Performance Credit	$0	$62,400	$624,000
PO-7-04	**Delay Hours – Failed/Rejected Test Transactions – No Workaround** (See Note 2)			
	Performance Credit	$31,200 per day Per Release		

Note 1: Measured against releases pursuant to Change Notice Types 3, 4 and 5.

Note 2: PO-7-04 applies to failed Test Deck items executed by Verizon PA in
PO-6-01 and applies until all errors reported in PO-6-01 are fixed.

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REPLY DECLARATION OF ELAINE M. GUERARD, JULIE A. CANNY, AND MARILYN C. DEVITO

ATTACHMENT 6

Table 1 – Performance Assurance Plan Payments in Pennsylvania

	Measures missed, per CLEC, for two consecutive months[1]	Measures missed, per CLEC, for three consecutive months	Measures missed, per CLEC, for four or more consecutive months	Actual Payments under PA Plan	Payments if Current PA Plan Had Always Been in Effect
May 2000	211	-	-	211,000*	633,000
June 2000	151	116	-	459,600*	1,033,000
July 2000	44	29	105	468,000*	2,902,000
August 2000	45	28	96	586,000	2,675,000
September 2000	62	14	100	580,000	2,756,000
October 2000	52	23	100	596,000	2,771,000
November 2000	54	25	101	612,000	2,812,000
December 2000	71	24	99	634,000	2,808,000
January 2001	60	25	93	592,000	2,630,000
February 2001	45	24	89	542,000	2,480,000
March 2001	16	27	85	480,000	2,308,000
April 2001	22	4	79	481,000**	2,061,000
May 2001	81	11	74	668,000**	2,148,000
June 2001	36	40	30	458,000**	1,058,000

Table 2 – Comparison of Performance Assurance Plan Payments in Pennsylvania and New York

	Pennsylvania	New York
	2000	2000
July-December 2000†	16,724,000	
Annualized 2000	33,448,000	36,701,000
Percent Net Return‡	0.06614	0.06205

[1] Data on measurements missed is reported per CLEC. Therefore, if Verizon misses one measurement for ten CLECs, it is reported as ten misses.

* Payments reduced by 50% in May 2000, 60% in June 2000, and 75% in July 2000 under "burn-in period" adopted by Pennsylvania PUC. *See Revised Carrier-to-Carrier Guidelines Performance Standards and Reports Docket*, Opinion and Order, P-00991643 at 169-170 (Dec. 13, 1999) (App. B, Tab R-8).

** Remedy payments increased, beginning April 2001, to $3000 for two consecutive month miss and $5000 for three or more consecutive month miss by order of Pennsylvania PUC. *Structural Separation of Bell Atlantic-Pennsylvania, Inc. Retail and Wholesale Operations*, Opinion and Order, M-00001353 at 37 (Apr. 11, 2001) (App. B, Tab P-10).

† Based on current remedy levels in Pennsylvania Plan (right-hand column of Table 1).

‡ Verizon's 2000 Net Return in Pennsylvania was $505,751,000; its 2000 Net Return in New York was $591,500,000.

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REPLY DECLARATION OF ELAINE M. GUERARD,
JULIE A. CANNY, AND MARILYN C. DEVITO

ATTACHMENT 7

PERFORMANCE ASSURANCE PLAN OF BELL ATLANTIC–PENNSYLVANIA, INC.

Introduction.

The purpose of performance measurements, standards, refunds, and "liquidated damages" is to ensure that Bell Atlantic-Pennsylvania ("BA-PA") continues to provide high quality services to Competitive Local Exchange Carriers ("CLECs") after Bell Atlantic gains entry into the long distance market in Pennsylvania pursuant to Section 271 of the Telecommunications Act of 1996 ("1996 Act"). The performance measurements, standards, refunds, and "liquidated damages" in this filing are known collectively as BA-PA's Performance Assurance Plan.

This document describes how BA-PA will implement the Performance Assurance Plan. It has three sections. Section I describes the performance measurements and standards BA-PA will implement and BA-PA's estimated schedule for implementation. Section II describes the methodologies, including the statistical methodologies, BA-PA will use each month to determine whether its performance for a CLEC, or for all CLECs in aggregate, met the appropriate performance standard. Section III explains the Tier I refund payments BA-PA will provide CLECs pursuant to the Performance Assurance Plan for services the CLEC (or its customer) paid for but did not receive. Section III also describes the Tier II "liquidated damages" payments from BA-PA to CLECs as set forth in the December 31, 1999 Order of the Pennsylvania Public Utility Commission ("Commission").[1]

I. Performance Measurements and Standards.

A. Performance Measurements.

BA-PA will implement the performance measurements and standards described in the Carrier-To-Carrier Guidelines ("Guidelines"), which are appended as Attachment A.[2] These performance measurements will give the Commission, the CLECs, and ultimately the Federal Communications Commission ("FCC"), the ability to monitor and evaluate BA-PA's compliance with the performance standards in the Guidelines. These performance measurements cover every aspect of the 14-point checklist in Section 271 of the 1996 Act and more.

The Guidelines contain eight categories of performance measurements: Pre-Ordering; Ordering; Provisioning; Maintenance & Repair; Network Performance; Billing;

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[1] This filing does not waive BA-PA's claim that the Commission lacks statutory authority to order BA-PA to pay damages or "liquidated damages" to CLECs.

[2] The Guidelines and their appendices are provided in both standard text and "red-line" format. The "red line" format shows how BA-PA modified the documents it filed on January 31, 2000 to make them consistent with the Commission's orders of July 21, 2000 and September 1, 2000.

Operator Services and Database; and General. These categories of performance measurement are listed on Page 2 of the Guidelines.

Each measurement category in the Guidelines contains a number of metrics, for a total of 44 metrics. For example, the Pre-Ordering category ("PO"), contains five metrics: PO-1, Response Time OSS Pre-Ordering Interface; PO-2, OSS Interface Availability; PO-3, Contact Center Availability; PO-4, Change Management Notice; and PO-5, Average Notification of Interface Outage. The metrics are identified on Page 2 of the Guidelines and are described throughout the document.

The Guidelines contain 156 submetrics. Each of the 44 metrics (described above) contains one or more submetrics. For example, the metric PO-1 (one of five metrics in the PO measurement category), contains seven submetrics: PO-1-01, average response time for customer service record; PO-1-02, average response for due date availability; PO-1-03, average response time for address validation; PO-1-04, average response time for product and service availability; PO-1-05, average response time for telephone number availability and reservation; PO-1-06, average response time for facility availability (ADSL loop qualification); and PO-1-07, average response time for rejected query. As explained below, BA-PA will make performance assurance payments to CLECs at the submetric level.

Finally, the Guidelines contain close to 2,000 disaggregated submetrics, which are the 156 submetrics (described above) further broken out by geographic region, mode of entry, product category, and various combinations thereof. For example, for the submetric OR-1-05, which measures the average order confirmation response time, BA-PA measures and reports its performance separately for 8 Unbundled Network Element ("UNE") product categories and for 7 resale product categories. In some cases, BA-PA measures and reports its performance to CLECs at the disaggregated submetric level, while in others, reporting occurs at the submetric level.

The performance reports BA-PA will provide to the Commission and CLECs, and the circumstances in which BA-PA will provide those reports, are described in the "Introduction" to the Guidelines on page 4.

BA-PA will implement most of the performance measurements in the Guidelines within a few months. But some performance measurements, particularly the new ones ordered by the Commission, will take BA-PA a number of months to implement and test. It will also take BA-PA time to modify its systems and work processes to meet the new performance standards adopted by the Commission.

B. Performance Standards.

Not all measurements have performance standards; some measurements are for diagnostic and informational purposes only. For performance measurements that have standards, BA-PA will evaluate its performance for each CLEC, or CLECs in aggregate, under one of two standards. First, for measures for which there is a reasonably analogous

BA-PA retail service, BA-PA will apply a "parity" standard, which compares the service quality BA-PA provided its own retail customers in Pennsylvania with the service quality it provided CLECs in Pennsylvania.[3] The measures using parity standards fall into two categories: mean variables and percent variables. Mean variables are metrics of means or averages, such as "mean time to repair." Percent variables are metrics of proportions, such as the percent of missed appointments.

Second, for measures for which there is no reasonably analogous BA-PA retail service, BA-PA will use a "benchmark" (or an "absolute") standard to determine whether BA-PA is providing the CLECs with a specified level of service.

For each submetric, there is a section of the Guidelines entitled "Performance Standard," which indicates whether there is a performance standard and, if there is, what the performance standard is.

II. Methods of Judging Compliance With Performance Standards.

BA-PA will use statistical methodologies as one means of judging whether its performance for a CLEC, or for CLECs in aggregate, was equivalent to its performance for its own retail operations in Pennsylvania. For measurements for which parity is the appropriate performance standard and for which there are a sufficiently large number of observations for BA-PA and for the CLEC, BA-PA will use the modified Z statistic for percent measures and the modified t statistic for mean (or average) measures. The equations for the modified Z and modified t tests are shown in Appendix J to the Guidelines.

For measurements with a parity standard, BA-PA's performance for a CLEC will be judged not to have met the performance standard if the critical Z or t value is less than -1.645, which provides a 95% confidence level that BA-PA's performance for a CLEC was different from its performance for its own retail operations. With a Z or t score of -1.645, however, there is a 5% probability that BA-PA will be judged to have missed a measure even though it provided a CLEC with the same service quality BA-PA provided its own retail operations. In other words, random variation within the measurement system will cause BA-PA to miss approximately 5% of the performance measurements (*i.e.*, 5 out of every 100 on average) even if it provides CLECs exactly the same level of service quality it provided to BA-PA's retail customers. This is known as Type I error. There is no mechanism in the Performance Assurance Plan that adjusts automatically for Type I error.

[3] There are exceptions to the general rule that BA-PA will compare its actual Pennsylvania performance for CLECs against its actual Pennsylvania performance for retail operations. For example, the PO-1 submetrics, which measure the timeliness of responses from BA-PA's Operations Support Systems ("OSS"), use the EnView emulation process to compare BA-PA's service for CLECs (submitted to the OSS through the access platform) against BA-PA's retail operations (submitted directly to the OSS). The OSS interface may handle transactions for CLEC operations in states other than Pennsylvania.

BA-PA will not use statistical methodologies for measurements using benchmark performance standards. For those submetrics, BA-PA will compare its performance for a CLEC, or for CLECs in aggregate, against the benchmark performance standard. BA-PA will be judged to have missed a submetric for which there is a benchmark performance standard if BA-PA's performance for a CLEC is not within 95% of the target. At this strict level of performance, unless BA-PA's average level of performance is well above the target, normal variation in BA-PA's performance will cause it, on occasion, to fall outside the 95% benchmark standard.

For measurements using either parity or benchmark performance standards, BA-PA will calculate whether it met the applicable standard only if there are 10 or more observations in the month for BA-PA and for the CLEC. BA-PA will report its performance for a measurement even if there are fewer than 10 observations, but will not calculate whether its performance met the applicable standard.

BA-PA will perform other standard tests of statistical validity before it uses data to draw conclusions about its performance for CLECs. The modified Z or t test will be used only if there are 30 or more observations for BA-PA and the CLEC. If the number of observations is between 10 and 29, and BA-PA's performance for a CLEC is worse in absolute terms than BA-PA's performance for itself, BA-PA will perform a permutation test.[4] Sample size requirements are described in Appendix J to the Guidelines.

The Performance Assurance Plan sets a minimum sample size because, with small sample sizes, very slight changes in BA-PA's performance – changes that are not competitively meaningful – can affect whether the measurement meets the performance standard.[5] There may also be significant problems associated with large sample sizes. With very large sample sizes, the modified Z and t tests become overly sensitive to any difference, which can cause BA-PA's performance to be judged out of parity even though its actual performance is at a very high level. Problems of large sample size are a type of statistical invalidity or "skewed data," which BA-PA will handle according to the procedures summarized below, and described more fully in Exhibit 1 to the Guidelines.

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[4] A permutation test is a way of calculating whether BA-PA met a performance standard when the sample size is relatively small and the distribution is not "normal."

[5] The modified Z or t test assumes that, if the sample size is large enough, the sample mean will follow a known "normal distribution" that is dependent on the variance within the data and sample size. It is this assumption of normality that allows one to compare the Z or t score with its known theoretical distribution and determine the probability of its occurrence. When the sample size is too small, the distribution around the sample mean is no longer normal, and the modified Z or t test is no longer reliable.

III. Performance Assurance Payments.

BA-PA will make two types of performance assurance payments to CLECs: Tier I refund payments and Tier II "liquidated damages" payments.

A. Tier I Refund Payments.

Under Tier I, BA-PA will provide a CLEC with a pro rated refund of charges paid by the CLEC for services the CLEC did not receive. A CLEC is not entitled to a Tier I refund if it received the service or never paid for the service.

B. Tier II "Liquidated Damages" Payments.

Under Tier II, BA-PA will provide an affected CLEC with an automatic "liquidated damages" payment if BA-PA misses the performance standard for a submetric (that is subject to performance payments) for two or more consecutive months. Specifically, BA-PA will pay a CLEC $2,000 if it misses a performance standard for a submetric for two consecutive months, and $4,000 if it misses the performance standard for the same submetric for three or more consecutive months. If BA-PA misses the performance standard for the same submetric for four or more consecutive months, in addition to the automatic $4,000 described above, BA-PA will file a report with the Commission explaining the nature of the problem and efforts to correct it. Likewise, if BA-PA misses the performance standards for six or more different submetrics (that are subject to performance payments) for four or more consecutive months, BA-PA will file a report with the Commission explaining the nature of the problem and efforts to correct it. In both circumstances, BA-PA may argue that no Tier II "liquidated damages" payment, or some lesser amount than $4,000, is necessary or appropriate and seek the return of any payment. An affected CLEC may argue that it is entitled to a Tier II payment greater than $4,000. The Commission may order BA-PA to pay up to $25,000.[6]

BA-PA will make Tier II "liquidated damages" payments at the submetric level.[7] The calculation at a submetric level looks at BA-PA's performance for a CLEC, or for CLECs in aggregate, at the state level and aggregates BA-PA's performance data for all product categories and all modes of entry. To ensure that natural differences between BA-PA and CLECs in terms of their customers, locations, types of services, and volumes

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[6] BA-PA might show, for example, that although it missed the performance standard for the same measurement for four or more consecutive months, the CLEC was not competitively injured (*e.g.*, because the difference in performance was so tiny as to be competitively meaningless). Or as another example, BA-PA might show that it missed more than five different performance measures for four consecutive months, merely because of randomness inherent in the statistical test (*i.e.*, Type I error), not because of deficient performance on its part.

[7] The Commission ordered BA-PA to pay for missed "metrics." Order at 159-60. Because BA-PA's performance for CLECs is not measured at the "metric" level, BA-PA assumes the Commission means for Tier II payments to be at the "submetric" level.

do not skew the comparison, BA-PA will weight its retail performance data to make it proportionate to the CLEC's performance data.[8]

BA-PA is entitled to put a Tier II "liquidated damages" payment in escrow rather than paying it to the CLEC under five circumstances. These are: Lack of independence (or "clustering" of data); CLEC action; *force majeure* events; exogenous events; and statistical invalidity. To put a payment in escrow, BA-PA must notify the Commission of its intent to withhold payment within five days. Depending on the underlying circumstances, this may be five days from the "real world" event (*e.g.*, in the case of a *force majeure* event such as a snow storm or hurricane) or five days from BA-PA's calculation of its performance for the preceding month (which reveals, *e.g.*, the statistical invalidity of a measurement or a "clustering" problem). The CLEC that would otherwise have been entitled to the Tier II "liquidated damages" payment may contest BA-PA's decision not to pay over the funds by asking for resolution through Alternative Dispute Resolution. If the affected CLEC has not taken action within five days of being informed of BA-PA's decision to withhold payment and to place the funds in escrow, the Tier II "liquidated damages" payment shall come out of escrow and revert to BA-PA.

Refund payments and "liquidated damages" payments will be made by means of checks issued by BA-PA to the CLECs entitled to receive such payments.

[8] For example, imagine a provisioning submetric with two product categories, POTS and specials. If the CLEC does 50% of its total volume in specials, whereas BA-PA does only 25% of its volume in specials, to compare accurately BA-PA's performance for itself and for the CLEC, BA-PA's performance in specials must be given a 50% weight.

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of Application by Verizon Pennsylvania Inc., Verizon Long Distance, Verizon Enterprise Solutions, Verizon Global Networks Inc., and Verizon Select Services Inc., for Authorization To Provide In-Region, InterLATA Services in Pennsylvania	)	CC Docket No. 01-138

JOINT REPLY DECLARATION OF
ROBERT H. GERTNER, GUSTAVO E. BAMBERGER, AND MICHAEL P. BANDOW

1. My name is Robert H. Gertner. I am Professor of Economics and Strategy at the Graduate School of Business of the University of Chicago and am also a Senior Vice President of Lexecon Inc. I submitted a Declaration jointly with Gustavo E. Bamberger and Michael P. Bandow as part of Verizon's above-captioned Application to provide in-region interLATA services in Pennsylvania. My qualifications are set forth in that Declaration.

2. My name is Gustavo E. Bamberger. I am a Senior Vice President of Lexecon Inc. I submitted a Declaration jointly with Robert H. Gertner and Michael P. Bandow as part of Verizon's above-captioned Application to provide in-region interLATA services in Pennsylvania. My qualifications are set forth in that Declaration.

3. My name is Michael P. Bandow. I am an Economist at Lexecon Inc. I submitted a Declaration jointly with Robert H. Gertner and Gustavo E. Bamberger as part of Verizon's

above-captioned Application to provide in-region interLATA services in Pennsylvania. My qualifications are set forth in that Declaration.

I. PURPOSE

4. We have been asked by Verizon to respond to AT&T's criticisms of the analysis in our earlier declaration on this matter. AT&T claims that our study is flawed because the underlying methodology "is incomplete and rests on unsupported and unsubstantiated premises that preclude any meaningful and reliable conclusions." AT&T's Bloss/Nurse Decl. ¶ 76. As we explain in this Reply Declaration, AT&T's criticism are unfounded and based on its apparent misunderstanding of random sampling. Verizon also asked us to extend our analysis of metrics PR-3-01 UNE and PR-3-01 Resale to the month of May 2001. We first respond to AT&T's criticisms and then report the results of our further analysis.

II. RESPONSE TO CRITICISMS OF AT&T

5. We find that AT&T's criticisms raise no concerns with our analysis. Rather, AT&T seems to misunderstand the role of random sampling in a statistical analysis. AT&T claims that "Verizon should have evaluated the standard and requested intervals in each of the orders in the entire group in order to select a representative random sample with the same distribution of standard and requested intervals." AT&T's /Nurse Decl. ¶ 78. Apparently, our failure to examine all orders in the population leads AT&T to conclude that we have drawn a "so-called random sample," and by doing so have taken an "inexplicable shortcut." AT&T is wrong. It is an accepted statistical methodology to analyze random samples when it is not possible or extremely costly to collect information on an entire population. Indeed, the purpose of a random sample is to avoid having to examine the entire population. If we had "evaluated the standard and requested intervals in the entire group" as AT&T suggests, there would have been no reason

for us to take a sample. However, examination of the entire set of orders — totaling 29,950 orders — would have been prohibitively costly.

6. AT&T complains that we failed to provide underlying data necessary to conduct certain "statistical regressions" that would, apparently, validate a "notion" implicit in our study. AT&T's Bloss/Nurse Decl. ¶ 79. AT&T does not clearly articulate the analysis that they have in mind. However, if their analysis requires manual examination of all of the orders underlying our study then it would be infeasible. As we point out above, such an examination would be prohibitively costly.

7. AT&T alleges that the difference between the value reported on metric PR-3-01 Resale (63.00 percent completed in one day) and the value on that metric for our sample (71.08 percent completed in one day, a difference of 8.08 percent) shows that this sample is, in its words, "bogus." AT&T's Bloss/Nurse Decl. ¶ 78. AT&T is wrong. First, we do <u>not</u> rely on the difference between 71.08 percent and 63.00 percent as evidence of an increase in Verizon's performance.[1] In fact, 71.08 percent, the percent completed in one day in our sample, is the appropriate baseline for analyzing whether PR-3-01 Resale accurately reports Verizon's provisioning performance. As explained in our Declaration, we adjust this metric to account for the fact that CLECs order products with standard intervals greater than one day and that CLECs (or their customers) often request that orders be completed in more than one day. Our analysis shows that, <u>within our sample</u>, Verizon's performance is considerably better than is suggested by the reported metrics. In particular, when we calculate the percent completed within the requested interval, we find that Verizon's performance is 93.37 percent, which is 22.29 percentage points

[1] As a general matter, the average of a variable in a random sample will normally differ from the average in the set from which the sample was drawn.

better than the performance reported under the metric for our sample (93.37 minus 71.08 percent).[2] Because our conclusion is based on the change in Verizon's measured performance within our sample, the exclusion of certain orders from the sample cannot – as AT&T suggests – "skew" our results. AT&T's Bloss/Nurse Decl. ¶ 78.[3]

8. AT&T apparently misunderstands this point. It alleges that "the mere act of drawing a so-called random sample led Verizon to conclude errantly, at that point in its analysis, that its performance for CLECs was two percentage points better than its performance for its own retail orders." AT&T is wrong. We do not make this claim.

III. ANALYSIS OF METRICS PR-3-01 UNE AND PR-3-01 RESALE FOR MAY 2001

9. In our Declaration, we analyzed Verizon's reported performance on PR-3-01 UNE and PR-3-01 Resale, and found that "Verizon's performance improves substantially when we count business days between order receipt and completion under the business rules and take into account product mix and customer requests." See Gertner/Bamberger/Bandow Decl. ¶ 5 (footnote omitted). We repeat that analysis here, on data from May 2001. See id. ¶¶ 8-12, 16-17 (describing the methodology we use).[4]

10. As reported in the Carrier-to-Carrier reports, Verizon completed only 24.44 percent of CLEC orders in one day for May 2001 for metric PR-3-01 UNE. We find, however,

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[2] We define the "requested interval" as the longer of (1) the standard interval for the services requested on the order; or (2) the customer-requested interval for that order. See Gertner/Bamberger/Bandow Decl. ¶ 12.

[3] As we explained in our declaration, we removed records from our analysis due to problems merging Verizon databases. Removing these records changed the sample average, but, for the reasons noted above, does not affect our conclusions.

[4] Of the 200 orders in our random samples, we exclude 18 from our analysis for the following reasons: for 9 orders, a matching Request Manager record could not be found; for 1 order, we understand that no standard interval exists; for 8 orders, the received date on Request Manager was not equal to the application date on SORD.

that many of these orders are for services with standard intervals of more than one day, or are orders for which the customer requested more than the standard interval. In our sample of orders, Verizon completed 100 percent within the standard interval or by the customer-requested due date (which is an increase of 81.82 percent over our sample average of 18.18 percent).

11. For May 2001, Verizon completed 45.61 percent of CLEC orders within one day for metric PR-3-01 Resale. As with PR 3-01 UNE, we find that many of these orders are for services with standard intervals of more than one day, or are orders for which the customer requested more than the standard interval. In our sample of orders, we find that Verizon completed 84.04 percent within the standard interval or by the customer-requested due date (which is an increase of 29.78 percent over our sample average of 54.26 percent). See Attachments 1 and 2.

12. This concludes our declaration.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on August 3, 2001

Robert H. Gertner

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on August 3, 2001

Gustavo E. Bamberger

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on August 3, 2001

Michael P. Bandow